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September 19, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, s. 9.1 - An issuer wants relief from the timing requirements for filing a technical report - The issuer has issued a news release that triggers the requirement to file a technical report under NI 43-101; the qualified person will need to conduct an extensive review of technical information; the qualified person cannot complete the technical report within 45 days of the news release; the issuer will file the technical report within 75 days of the news release

Applicable British Columbia Provisions

National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, ss. 4.2(5) and 9.1

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Manitoba and Ontario
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Southwestern Resources Corp.
(the Filer)

MRRS Decision Document

Background

- ¶ 1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the requirement in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) to file a technical report to support scientific or

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technical information in a news release that contains a change in mineral resources from the most recently filed technical report that constitutes a material change in respect of the affairs of the Filer, not later than 45 days after the news release;

Under the Mutual Reliance Review System for Exemptive Relief Applications (the MRRS)

- (a) the British Columbia Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

- ¶ 2 Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filer:
1. the Filer's head office is located in British Columbia;
 2. the Filer was incorporated under the *Company Act* (British Columbia) on June 18, 1990 and filed a transition application pursuant to the *Business Corporations Act* (British Columbia) on April 23, 2004;
 3. the Filer's authorized capital consists of an unlimited number of common shares without par value of which 44,922,936 are issued and outstanding as at August 24, 2007;
 4. the Filer is a reporting issuer in the Jurisdictions;
 5. the common shares of the Filer are listed on the Toronto Stock Exchange;
 6. the Filer is engaged in the identification, acquisition, evaluation and exploration of gold, silver and base metals mineral properties in China and Peru;
 7. the Filer issued and filed a news release and corresponding material change report on July 19, 2007, announcing that it had determined that there were errors in previously reported assay results for its Boka Project in China (the Boka Project) and as a result, withdrew all of its previously announced results for the Boka Project;

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8. the Filer issued and filed a news release on August 27, 2007, stating that the Filer and an independent mining consultant have been conducting a comprehensive review of the Boka Project and have largely completed a validation of the drilling database in respect of the gold assay data for the exploration work to date; based on this work and its preliminary analysis of the now largely validated database, the Filer announced that it believes that the mineral resource at its Boka Project is significantly less than previously reported (the August 27 Release);
9. Under section 4.2(5) of NI 43-101, the Filer is required to file a technical report to support information relating to the Boka Project contained in the August 27 Release, which described a change in mineral resources from the most recently filed technical report that constitutes a material change in respect of the affairs of the Filer;
10. on August 24, 2007, the Filer commenced legal action in the Supreme Court of British Columbia against its former Chief Executive Officer, John Paterson, and certain affiliated companies for, among other things, fraud, breach of fiduciary, statutory and contractual duties and insider trading;
11. the Filer has engaged an independent mining consulting firm to assist with the preparation of a new technical report; the preparation of the new technical report will require, among other things, the creation of digital geological models, independent verification of the data and geological interpretation; this data verification, modelling and report drafting is expected to be very time consuming; and
12. the Filer has recently been advised by the independent mining consulting firm that the technical report will likely not be completed until the latter part of October 2007.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.

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The decision of the Decision Makers under the Legislation is that the requirement in NI 43-101 that a technical report be filed to support information relating to the Boka Project in the Filer's August 27 Release not later than 45 days after the August 27 Release shall not apply to the Filer, provided that the Filer prepares and files the required technical report not later than November 13, 2007.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission